



# News Release

## **For Immediate Release**

***NOT FOR DISTRIBUTION TO U.S. NEWSWIRES OR DISSEMINATION IN THE UNITED STATES***

### **Element Board Unanimously Approves Plan to Separate into Two Market Leading Companies**

- *Special meeting of Element shareholders to be held on September 20, 2016 to consider approval of the transaction*
- *ECN Capital to acquire INFOR Acquisition Corp. subsequent to its separation from Element*

**Toronto, Canada – July 25, 2016** – Element Financial Corporation (TSX: EFN) (“Element” or the “Company”), one of North America’s leading fleet management and equipment finance companies, today announced that its Board of Directors has unanimously approved plans to proceed with the reorganization of Element into two separate publicly-traded companies (the “Separation Transaction”) targeted for closing on October 3, 2016. Following the Separation Transaction, Element Financial Corporation, to be renamed Element Fleet Management Corp. (“Element Fleet”) will be established as an approximately \$18.0 billion world class fleet management company to be led by Bradley Nullmeyer as CEO, and ECN Capital Corp. (“ECN Capital”) will be established as an approximately \$5.9 billion North American commercial finance company to be led by Steven Hudson as CEO.

### **Credit Commitments**

Both Element Fleet and ECN Capital have received underwriter commitments for the establishment of separate senior credit facilities following completion of the Separation Transaction.

Element’s existing senior credit facility will be amended and restated so as to provide for an aggregate of US\$4.0 billion in three year revolving funding for Element Fleet. Such facility will provide for advances denominated in U.S., Canadian, Australian and New Zealand dollars and will complement Element Fleet’s established Chesapeake funding programs to fund its current and future finance asset originations.

Commitments have been received in respect of a separate and distinct US\$2.5 billion three-year revolving senior credit facility in favour of ECN Capital in connection with the Separation Transaction. Such facility will provide for advances denominated in U.S. and Canadian dollars and will be available to fund its current and future finance assets.

Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, Toronto-Dominion Bank and BNP Paribas Securities Corp. acted as Co-lead Arrangers and Co-Bookrunners for each of the separate credit facilities and Bank of Montreal acted as the Administrative Agent.

“With this approval by Element’s Board of Directors and the receipt of these new credit commitments, we now meet two important milestones on our schedule to separate Element into two distinct market-leading public companies,” said Steven Hudson, Element’s Chief Executive Officer. “The separation transaction provides shareholders with a ground floor opportunity to participate in the growth of the world’s largest publicly traded fleet management company as well as a North American leader in commercial finance that is transitioning to an asset management business” said Bradley Nullmeyer, President of Element Financial Corporation. “Management fully endorses the recommendation of the Board and we encourage Element’s shareholders to vote in favour of the transaction at the upcoming shareholders meeting,” added Mr. Hudson and Mr. Nullmeyer.

### **ECN Capital’s Acquisition of INFOR Acquisition Corp.**

Element also today announced that Element, ECN Capital and 2510204 Ontario Inc., a wholly owned subsidiary of Element (“Subco”), have entered into a definitive agreement with INFOR Acquisition Corp. (TSX: IAC.A, IAC.WT) (“IAC”) whereby ECN Capital will acquire all of the issued and outstanding shares in the capital of IAC (the “IAC Acquisition”) following completion of the Separation Transaction.

At closing of the IAC Acquisition, each outstanding share in the capital of IAC will be acquired in exchange for a specified number of ECN Capital common shares. The exchange ratio will be based on the fair market value of ECN Capital as at closing of the Separation Transaction and the net assets of IAC immediately prior to the closing of the IAC Acquisition. The net assets of IAC at such time are expected to consist of the funds received from IAC’s initial public offering less the aggregate amount of funds paid to IAC shareholders that have validly exercised their rights of redemption in connection with the IAC Acquisition and certain expenses.

In addition, the IAC Acquisition is also conditional on INFOR Financial Group having entered into an escrow agreement with ECN Capital, on terms acceptable to it, providing for an escrow of 25% of the ECN Capital common shares that INFOR Financial Group will receive under the IAC Acquisition. Such shares will not be released from escrow until the trading price of the ECN

Capital common shares exceeds, for a period of 20 consecutive trading days, 130% of the trading price of the ECN Capital common shares on the date of closing of the IAC Acquisition.

Element believes that the opportunity to secure the capital provided by IAC shortly following the separation will enhance ECN Capital's ability to implement key strategic initiatives that it believes will enhance shareholder value consistent with its increased focus on asset management.

Immediately following completion of the IAC Acquisition, Neil Selfe (currently Chief Executive Officer of IAC) and William (Bill) T. Holland (a current director of IAC) will be appointed as directors to the board of ECN Capital. Mr. Selfe will also join the ECN Capital management team as Executive Vice Chairman. This formalizes the close relationship Mr. Selfe and the INFOR Financial Group management team have had with the ECN Capital management team. "The acquisition of IAC will provide ECN Capital with immediate access to cash of approximately \$220 million at market rates that will enable it to accelerate the implementation of its growth strategy," said Steven Hudson. "As well, the additions of Neil Selfe and Bill Holland to the board provide ECN Capital with proven expertise in the asset management industry to help guide ECN Capital through this important stage of its growth as it transitions to an asset management business."

### **Conditions to the Transactions**

Completion of the Separation Transaction is subject to certain conditions, including the approval of the Ontario Superior Court of Justice, the approval of the Toronto Stock Exchange (TSX) and the approval of two-thirds of Element shareholders voting at the special meeting of Element shareholders to be held on September 20, 2016 (the "Special Meeting").

Completion of the IAC Acquisition is subject to certain conditions, including the approval of the Ontario Superior Court of Justice, the approval of the Toronto Stock Exchange, the issuance of a receipt from the Ontario Securities Commission for the non-offering prospectus of IAC to be filed in connection with the IAC Acquisition, the approval of a majority of Element shareholders voting at the Special Meeting for the issuance of ECN Capital common shares in connection with the IAC Acquisition, the approval of the IAC shareholders, the completion of the Separation Transaction and holders of less than 25% of the outstanding Class A Restricted Voting Shares of IAC exercising their rights of redemption in connection with the IAC Acquisition.

### **Fairness Opinions**

Element's Board of Directors received a written fairness opinion from BMO Capital Markets that based upon and subject to the various factors, assumptions, qualifications and limitations set forth therein, the consideration to be received under the Separation Transaction is fair, from a financial point of view, to Element's shareholders.

In addition, PricewaterhouseCoopers LLP ("PwC") provided the Board of Directors with a written fairness opinion that, subject to various factors, including the scope of review, limitations and assumptions, PwC is of the opinion that the IAC Acquisition is fair, from a financial point of view, to Element's shareholders.

### **ECN Capital Board of Directors**

On completion of the Separation Transaction and the IAC Acquisition, ECN Capital's board of directors will include:

- William W. Lovatt (Chairman) – current Chairman of Element and former EVP and CFO of Great-West Lifeco Inc.;
- Bradley Nullmeyer (Vice Chair) – current President of Element;
- William T. Holland – Chairman of CI Financial Corp.;
- Steven K. Hudson (CEO of ECN Capital) – current CEO of Element;
- Neil M. Selfe (Executive Vice Chairman) – current CEO of INFOR Financial Group and IAC;
- Paul Stoyan – current chair of Element's Corporate Governance Committee
- Pierre Lortie – current chair of Element's Credit Committee
- Gordon Giffin – current director of Element; and
- David Morris – Former Senior Audit Partner at Deloitte & Touche LLP

### **Element Fleet Board of Directors**

On completion of the Separation Transaction, Element Fleet's board of directors will include:

- Richard Venn (Chairman) – current Vice-Chairman of Element and chair of Element's Risk Committee;
- Steven Hudson (Vice Chair) – current CEO of Element;
- Bradley Nullmeyer (CEO of Element Fleet) – current President of Element
- William Lovatt - current Chairman of Element and former EVP and CFO of Great-West Lifeco Inc.;
- Joan Lamm-Tennant – current director of Element
- Honourable Brian Tobin – current director of Element
- Paul Damp – current Chairman of DH Corporation

## Anticipated Timing

The Separation Transaction will be completed by way of a plan of arrangement under the *Business Corporations Act* (Ontario) that requires such arrangement be approved by two-thirds of Element shareholders voting at the Special Meeting and by the Ontario Court. Element intends to apply to obtain an interim order from the Ontario Superior Court of Justice in respect of the Separation Transaction on July 28, 2016.

Subject to IAC receiving timely regulatory, court and shareholder approval of the IAC Acquisition, the IAC Acquisition is expected to close by the middle of October. The Separation Transaction is separate from, and not conditional on, the IAC Acquisition.

The Special Meeting will be held on September 20, 2016 to approve, among other things, the Separation Transaction and the issuance of ECN Capital common shares in connection with the IAC Acquisition. It is currently expected that the Management Information Circular to be prepared in connection with the Special Meeting will be finalized and made available on Element's SEDAR profile at [www.sedar.com](http://www.sedar.com) on or about August 8, 2016.

## Arrangement Agreement

Both the Separation Transaction and the IAC Acquisition are governed by the terms of the arrangement agreement entered into today between Element, ECN Capital, Subco and IAC (the "Arrangement Agreement").

A copy of the Arrangement Agreement will be included in the Management Information Circular to be filed under Element's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## About Element Financial Corporation

With total assets of \$23.9 billion, Element Financial Corporation is one of North America's leading fleet management and equipment finance companies. Element operates across North America in four verticals of the equipment finance market (Fleet Management, Rail Finance, Commercial & Vendor Finance, and Aviation Finance) and in Australia and New Zealand in the Fleet Management business.

### Contact:

John Sadler  
Senior Vice President  
(416) 646-5689  
[jsadler@elementcorp.com](mailto:jsadler@elementcorp.com)

Michel Béland  
Chief Financial Officer  
(416) 646-5680  
[mbeland@elementcorp.com](mailto:mbeland@elementcorp.com)

*This release includes forward-looking statements regarding Element and its business. Such statements are based on the current expectations and views of future events of Element's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including with respect to the Separation Transaction and the IAC Acquisition, the anticipated benefits of the Separation Transaction and IAC Acquisition, the ability to complete the Separation Transaction on a tax-deferred basis, the ability to satisfy the conditions in connection with each of the Separation Transaction and IAC Acquisition, the expected timing of the closing of the Separation Transaction and the IAC Acquisition, the expected amount of capital to be obtained pursuant to the IAC Acquisition, the expected timetable for obtaining the interim orders and holding of the Special Meeting, the future financial and operating performance of each of Element Fleet and ECN Capital, the strategic advantages, business plans and future opportunities of each of Element Fleet and ECN Capital, the establishment of the credit facilities for Element Fleet and ECN Capital and the ability of ECN Capital to transition to an asset management business. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding the equipment finance industry, economic factors, risks related to completion of the Separation Transaction and the IAC Acquisition, the possibility that the proposed Separation Transaction and the IAC Acquisition will not be consummated within the anticipated time period or at all, including as a result of regulatory, market or other factors, the risk that the necessary regulatory, court and shareholder approvals, as applicable, will not be obtained in connection with the Separation Transaction or the IAC Acquisition and the potential for disruption to our business in connection with the Separation Transaction or the IAC Acquisition, and many other factors beyond the control of Element. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this outlook can be found in Element's 2015 MD&A, and 2015 Annual Information Form, all of which have been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Element undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*